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SUBJECT: NEW PALESTINIAN MINISTER FOR PLANNING DESCRIBES
DEVELOPMENT PRIORITIES FOR THE PA

REF: JERUSALEM 1254

Classified By: Consul General Jake Walles, Reasons 1.4 (b) and (d).

¶1. (C) The Consul General met with the newly appointed Minister of Planning and Labor Samir Abdullah June 25 at the Ministry of Planning headquarters in Ramallah. Abdullah began by saying that recent events in Gaza -- while unfortunate -- could nonetheless create opportunities for positive changes. Although faced with many obstacles and multiple tasks, he stressed that the PA must quickly show the Palestinian people that it can respond to their needs. Abdullah noted that "there is a competition between Hamas promising people heaven and those of us promising peace and prosperity."

¶2. (C) Abdullah outlined several key "components" necessary for the PA to achieve success and burnish its image in the short term:

-- Budget ("the most urgent"): Full and regular PA salary payments must be resumed immediately and a schedule implemented on paying arrears to PA employees. All PA debts to the private sector should also be paid, preferably in two-to-three months.

-- Security: Comprehensive reform of the security apparatus is imperative, starting with changes in the leadership. New blood is needed. Gangs and militias, including those affiliated with Fatah, must be disarmed if the PA is to build any credibility.

-- Humanitarian: Ensure sufficient electricity, fuel, water and food in Gaza. Crossings between Israel and Gaza need to reopen to facilitate this. Depressed West Bank areas such as Nablus and Jenin also need greater PA attention.

-- Development Program: Devise and implement plans to address urgent development needs on an emergency basis.

¶3. (C) Abdullah described priority development needs as follows:

-- Empower the Private Sector: The beleaguered private sector needs assistance in trade facilitation and promotion, as well as loan guarantee programs. Progress must be made on access and movement issues. The payment of PA arrears to the private sector will help stem the outflow of capital.

-- Education and Health: The PA must assess the needs of the health and education sectors and then, with donor community assistance, begin meeting those needs. He suggested that

construction of new schools is a priority in the education sector, while equipment supply is the principle health sector requirement.

-- Infrastructure: Infrastructure improvements are desperately needed, particularly road, electricity, water and sewer projects.

-- Good Governance: The PA need so to re-institute "a good civil service culture," which had been undermined by the Hamas leadership and repeated strikes over non-payment of PA employee salaries. PA employees need to be more responsive to those they are meant to serve. Full and regular payment of PA salaries will further this goal.

¶4. (C) Abdullah suggested that the donor community, NGOs and Palestinian municipalities should work closely together in meeting development needs. He said he would provide more details on emergency plans and needs next week. Post will follow up with Abdullah on possible options for USG assistance in meeting identified needs.

¶5. (C) Consul General noted that the PA also needs to convince the Israelis that there is a new dynamic to their relationship, first by demonstrating an added seriousness in addressing security in the West Bank. It is not enough just to present the Israelis with a list of demands, he noted. The Consul General also asked that the PA articulate how it envisioned the Gaza crossings working under current circumstances. A "business as usual" approach will not succeed given Hamas control of Gaza, and coordination with the Israelis remains essential.

WALLES